



House of Representatives

General Assembly

File No. 369

February Session, 2006

Substitute House Bill No. 5796

House of Representatives, April 4, 2006

The Committee on Environment reported through REP. ROY of the 119th Dist., Chairperson of the Committee on the part of the House, that the substitute bill ought to pass.

AN ACT CONCERNING DAIRY VIABILITY.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. (NEW) (*Effective July 1, 2006*) (a) There is established an
2 account to be known as the "dairy viability account" that shall be an
3 account of the General Fund. The account may contain any moneys
4 required by law to be deposited in the account. Investment earnings
5 credited to the assets of the account shall become part of the assets of
6 the account. Any balance remaining in said account at the end of any
7 fiscal year shall be carried forward in said account for the fiscal year
8 next succeeding.

9 (b) Not later than thirty days following the tax due date for the tax
10 imposed under section 12-587 of the 2006 supplement to the general
11 statutes, a portion of such tax, in the amount of three million one
12 hundred thousand dollars, shall be credited by the Comptroller to the
13 dairy viability account.

14 (c) A dairy farmer may apply to the Commissioner of Agriculture,
15 on a form prescribed by the commissioner, to be reimbursed for bulk

16 milk pickup tanker transportation fuel charges incurred on or after
 17 July 1, 2005. The commissioner may reimburse the applicant for said
 18 charges from the dairy viability account.

19 Sec. 2. Section 22-131 of the 2006 supplement to the general statutes
 20 is repealed and the following is substituted in lieu thereof (*Effective*
 21 *October 1, 2006*):

22 (a) In accordance with section 4-9a, as amended, the Governor, with
 23 the advice and consent of either house of the General Assembly, shall
 24 appoint eight electors of the state, [two] three of whom are actively
 25 engaged in the retail sale [and distribution] of milk, [two of whom are]
 26 one of whom is actively engaged in the processing of milk, two of
 27 whom have no active or financial interest in the production or sale of
 28 milk, and two of whom are actively engaged in the production of milk,
 29 which eight electors, with the Commissioner of Public Health, or the
 30 commissioner's designee, and the Commissioner of Agriculture, shall
 31 constitute the Milk Regulation Board. The Governor, for cause, after a
 32 public hearing, may remove any appointed member of the board.

33 (b) The Milk Regulation Board shall keep a record of all its
 34 proceedings. The Commissioner of Agriculture shall be the
 35 chairperson of the board, shall enforce the regulations established by
 36 the board and shall further administer any other duties prescribed by
 37 the board. The office of the Commissioner of Agriculture shall be the
 38 office of the board. Each of the eight members of the Milk Regulation
 39 Board appointed under the provisions of this section shall receive
 40 seventy-five dollars for each day the member attends a meeting of the
 41 board. The total payments to each member shall not exceed seven
 42 hundred fifty dollars each year, such payments to be made from the
 43 appropriations made for the Commissioner of Agriculture.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>July 1, 2006</i>	New section
Sec. 2	<i>October 1, 2006</i>	22-131

Statement of Legislative Commissioners:

In subsection (c) of section 1, the word "bulk" was inserted before "milk" and the word "tanker" was inserted after "pickup" for consistency with the general statutes.

ENV *Joint Favorable Subst.*

The following fiscal impact statement and bill analysis are prepared for the benefit of members of the General Assembly, solely for the purpose of information, summarization, and explanation, and do not represent the intent of the General Assembly or either House thereof for any purpose:

OFA Fiscal Note

State Impact:

Agency Affected	Fund-Effect	FY 07 \$	FY 08 \$
Department of Agriculture	GF - See Below	See Below	See Below
Comptroller Misc. Accounts (Fringe Benefits)	GF - Cost	10,620	28,305

Note: GF=General Fund

Municipal Impact: None

Explanation

The bill creates a non lapsing interest earning account within the General Fund called the dairy viability account. The account is to be capitalized with \$3.1 million from the petroleum gross receipts tax, no later than 30 days after the tax's due date. Since the tax is due quarterly, this appears to result in a \$12.4 million dollar earmarking of what is currently unrestricted General Fund revenue. The funds are to be used by the Department of Agriculture (DOA) to reimburse for bulk milk pickup tanker transportation fuel charges. The DOA will require a program/grant administrator at a full year cost of \$45,000 in FY 07 plus fringe benefits¹ to administer the program.

Changes made to the Milk Regulation Board have no fiscal impact.

¹ The fringe benefit costs for state employees are budgeted centrally in the Miscellaneous Accounts administered by the Comptroller. The estimated first year fringe benefit rate as a percentage of payroll is 23.6%, effective July 1, 2005. The first year fringe benefit costs for new positions do not include pension costs. The state's pension contribution is based upon the prior year's certification by the actuary for the State Employees Retirement System (SERS). The SERS 2005-06 fringe benefit rate is 34.7%, which when combined with the non pension fringe benefit rate would total 58.3%.

The Out Years

The annualized ongoing fiscal impact identified above would continue into the future subject to inflation.

OLR Bill Analysis**sHB 5796*****AN ACT CONCERNING DAIRY VIABILITY.*****SUMMARY:**

This bill establishes an account in the General Fund called the "dairy viability account." The bill requires the state comptroller to credit \$3.1 million to the account from portions of the petroleum sale gross earnings tax, no later than 30 days after the tax's due date.

Under the bill, a dairy farmer may apply to the agriculture commissioner, on a form the commissioner prescribes, to be reimbursed for bulk milk pickup tanker transportation fuel charges incurred on or after July 1, 2005. The commissioner may reimburse the applicant from the dairy viability account for the charges.

The bill changes the membership of the Milk Regulation Board. Under current law, two of its eight appointed members must be actively engaged in selling and distributing milk and two must be actively engaged in processing milk. The bill instead requires that three members be actively engaged in selling milk at retail and only one be actively engaged in processing milk. By law, the other four appointees consist of two members actively engaged in producing milk and two who have no active or financial interest in producing milk. The governor appoints all eight members. The public health commissioner, or his designee, and the agriculture commissioner are also board members.

EFFECTIVE DATE: July 1, 2006 for the account and October 1, 2006 for the Milk Regulation Board changes.

DAIRY VIABILITY ACCOUNT

Under the bill, the account may contain any money that the law requires to be deposited in it. Investment earnings credited to the account's assets become part of its assets. Any balance remaining in the account at the end of any fiscal year is carried forward for the next fiscal year.

BACKGROUND***Milk Regulation Board***

By law, the board must adopt regulations to assure milk produced in the state is of at least standard quality and that state residents have an adequate and regular supply of it. The board may, by regulation, establish inspection standards for the facilities and processes necessary for producing, handling, storing and manufacturing retail raw milk, retail raw milk cheese, butter, cheese, dry milk, whey, concentrated milk, condensed milk, single service fluid milk enclosures, and milk products.

In exercising its authority, the board must consider (1) the welfare of the milk producer, the milk dealer, and the consuming public, and the need to maintain a constant and adequate supply of fluid milk of at least standard quality and (2) the recommended methods promulgated by recognized authorities for the production, handling and transportation of fluid milk and milk products, and additional methods for the production, handling and transportation of milk and milk products, among other things (CGS § 22-133).

COMMITTEE ACTION

Environment Committee

Joint Favorable Substitute

Yea 27 Nay 0 (03/20/2006)